

CITY OF BLOOMFIELD, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2007

CITY OF BLOOMFIELD, IOWA

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CITY OF BLOOMFIELD, IOWA

OFFICIALS  
JUNE 30, 2007

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2007)		
Sam Eakins	Mayor	January 2006
Donald Smith	Mayor Pro Tem	January 2006
David Thordarson	Council Member	January 2006
Jerry Kincart	Council Member	January 2008
Craig Scott	Council Member	January 2008
Paul Wettstein	Council Member	January 2008
(After January 2007)		
Sam Eakins	Mayor	January 2010
David Thordarson	Mayor Pro Tem	January 2010
Jerry Kincart	Council Member	January 2011
Craig Scott	Council Member	January 2012
Jeff Anderson	Council Member	January 2010
Dee Johnson	Council Member	January 2012
Carol Taylor	Clerk/Treasurer	Indefinite
John Martin	Attorney	Indefinite

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members  
of the City Council

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Bloomfield, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa as of June 30, 2007, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2008 on our consideration of the City of Bloomfield, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 8 and 21 through 23 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bloomfield, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other

comprehensive basis of accounting. The financial statements for the year ended June 30, 2004 (which are not presented herein) were audited by other auditors. The other auditors expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
March 25, 2008

**CITY OF BLOOMFIELD, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2007**

The City of Bloomfield, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

**2007 FINANCIAL HIGHLIGHTS**

- Receipts from the City's governmental activities decreased 33%, or \$1,244,123 from fiscal 2006 to fiscal 2007. Transfers decreased by \$1,381,186.
- Disbursements of the City's governmental activities decreased 46% or \$1,813,920, in fiscal 2007 from fiscal 2006. Capital projects disbursements decreased \$2,329,104 while public works expenditures increased \$446,647.
- The City's total cash basis net assets increased 12%, or \$344,059, from June 30, 2006 to June 30, 2007. Of this amount, the assets of the governmental activities increased \$479,158 and the assets of the business type activities decreased by \$135,099. This decrease is due primarily to the water fund project.

**USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets – Cash Basis. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

**Basis of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

## REPORTING THE CITY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets – Cash Basis reports information that helps answer this question.

The Statement of Activities and Net Assets – Cash Basis presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets – Cash Basis is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water, sewer, electric and gas funds. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Capital Projects Fund and 4) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four Enterprise Funds to provide separate information for the water, sewer, electric and gas funds, all four are considered to be major funds of the City.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$693,033 to \$1,172,191. The analysis that follows focuses on the changes in cash balances for governmental activities.

## Changes in Cash Basis Net Assets of Governmental Activities

	Year Ended June 30,	
	<u>2007</u>	<u>2006</u>
<b>Receipts and transfers:</b>		
Program receipts:		
Charges for service	\$ 248,742	\$ 261,650
Operating grants, contributions and restricted interest	232,483	254,667
Capital grants, contributions and restricted interest	112,058	198,620
General receipts:		
Property tax	844,258	725,975
Local option sales tax	214,790	207,427
Other general receipts	297,958	164,887
Transfers, net	<u>629,066</u>	<u>2,010,252</u>
<b>Total receipts and transfers</b>	<b><u>2,579,355</u></b>	<b><u>3,823,478</u></b>
<b>Disbursements:</b>		
Public safety	566,472	571,870
Public works	924,508	477,861
Culture and recreation	262,538	307,765
Community and economic development	206,898	95,360
General government	112,061	104,437
Capital projects	<u>27,720</u>	<u>2,356,824</u>
<b>Total disbursements</b>	<b><u>2,100,197</u></b>	<b><u>3,914,117</u></b>
 Increase (decrease) in cash basis net assets	 479,158	 (90,639)
 Cash basis net assets beginning of year	 <u>693,033</u>	 <u>783,672</u>
 Cash basis net assets end of year	 \$ <u>1,172,191</u>	 \$ <u>693,033</u>

The City's total receipts and transfers for governmental activities decreased by 33% or \$1,244,123. The total cost (disbursements) of all programs and services decreased by \$1,813,920, or 46%. Excluding transfers, receipts increased \$137,063 or 8% from the prior year. The increase in receipts was primarily the result of proceeds from grants received by the City during the current year.

The cost of all governmental activities this year was \$2,100,197 compared to \$3,914,117 last year



## Changes in Cash Basis Net Assets of Business Type Activities

	Year Ended June 30,	
	<u>2007</u>	<u>2006</u>
<b>Receipts:</b>		
Program receipts:		
Water	\$ 654,748	\$ 593,058
Sewer	314,921	305,435
Electric	2,108,605	1,969,594
Gas	1,625,215	1,537,766
Capital grants, contributions and restricted interest	339,071	18,923
General receipts:		
Unrestricted interest on investments	95,263	91,085
Other general receipts	<u>125,859</u>	<u>107,750</u>
<b>Total receipts</b>	<b><u>5,263,682</u></b>	<b><u>4,623,611</u></b>
 <b>Disbursements and transfers:</b>		
Water	1,555,043	760,808
Sewer	281,661	231,050
Electric	1,803,647	1,689,628
Gas	1,129,364	1,900,217
Transfers	<u>629,066</u>	<u>2,010,252</u>
<b>Total disbursements and transfers</b>	<b><u>5,398,781</u></b>	<b><u>6,591,955</u></b>
 Decrease in cash basis net assets	(135,099)	(1,968,344)
 Cash basis net assets beginning of year	<u>2,163,079</u>	<u>4,131,423</u>
 Cash basis net assets end of year	\$ <u>2,027,980</u>	\$ <u>2,163,079</u>

Total business type activities receipts for the fiscal year were \$5,263,682 compared to \$4,623,611 last year.

### INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bloomfield, Iowa completed the year, its governmental funds reported a combined fund balance of \$1,172,191, an increase of \$479,158 from last year's total of \$693,033. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Fund cash balance increased \$65,861 from the prior year to \$708,335.
- The Employee Benefits cash balance decreased \$104,688 from the prior year to \$119,136.
- The 2005 Street Project cash balance increased \$429,899 from the prior year to a balance of \$0.
- In total the nonmajor governmental funds cash balance increased \$88,086.

### INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased by \$525,531 to \$209,445, primarily due to expenditures related to the water plant project.
- The Sewer Fund cash balance increased by \$72,418 to \$335,009, due to additional receipts related to increased volume.
- The Electric Fund cash balance decreased by \$9,246 to \$826,931 due in part to \$443,869 in transfers to the 2005 Street Project Fund.
- The Gas Fund cash balance increased by \$327,260 to \$656,595 due to use in 2007 of prior year gas inventory.

## BUDGETARY HIGHLIGHTS

During the year ended June 30, 2007, the City did not amend its budget.

## DEBT ADMINISTRATION

At June 30, 2007, the City had \$655,000 in bonds and other long-term debt, compared to \$773,991 last year, as shown below.

### Outstanding Debt at Year End

	Year ended June 30,	
	<u>2007</u>	<u>2006</u>
Capital leases	\$ -	\$ 3,991
Revenue notes	<u>655,000</u>	<u>770,000</u>
	\$ <u>655,000</u>	\$ <u>773,991</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$655,000 is significantly below its constitutional debt limit of approximately \$2.3 million.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Bloomfield Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget, tax rates, and fees charged for various City activities.

Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 3.9% for fiscal year 2007 compared with the national rate of 4.3%. Inflation has been modest here due in part to the slowing of the residential housing market and increases in energy prices in 2007.

These indicators were taken into account when adopting the budget for fiscal year 2008. There were no major changes to the fiscal year 2008 budget. The large projects from the fiscal year 2007 budget are expected to be completed during fiscal year 2008.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carol Taylor, City Clerk, 111 West Franklin, Bloomfield, Iowa, 52537

## BASIC FINANCIAL STATEMENTS

CITY OF BLOOMFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 566,472	\$ 26,372	\$ -	\$ -
Public works	924,508	161,065	104,722	112,058
Culture and recreation	262,538	61,305	14,000	-
Community and economic development	206,898	-	-	-
General government	112,061	-	113,761	-
Capital projects	27,720	-	-	-
Total governmental activities	<u>2,100,197</u>	<u>248,742</u>	<u>232,483</u>	<u>112,058</u>
Business type activities:				
Water	1,555,043	654,748	-	339,071
Sewer	281,661	314,921	-	-
Electric	1,803,647	2,108,605	-	-
Gas	1,129,364	1,625,215	-	-
Total business type activities	<u>4,769,715</u>	<u>4,703,489</u>	<u>-</u>	<u>339,071</u>
Total	\$ <u>6,869,912</u>	\$ <u>4,952,231</u>	\$ <u>232,483</u>	\$ <u>451,129</u>
General receipts:				
Property tax levied for:				
General purposes				
Tax increment financing				
Local option sales tax				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
<u>Cash Basis Net Assets</u>				
Restricted:				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net assets				

See Notes to Financial Statements

EXHIBIT A

Net (Disbursements) Receipts and  
Changes in Cash Basis Net Assets

Governmental Activities	Business Type Activities	Total
\$ (540,100)	\$ -	\$ (540,100)
(546,663)	-	(546,663)
(187,233)	-	(187,233)
(206,898)	-	(206,898)
1,700	-	1,700
(27,720)	-	(27,720)
<u>(1,506,914)</u>	<u>-</u>	<u>(1,506,914)</u>
-	(561,224)	(561,224)
-	33,260	33,260
-	304,958	304,958
-	495,851	495,851
<u>-</u>	<u>272,845</u>	<u>272,845</u>
<u>(1,506,914)</u>	<u>272,845</u>	<u>(1,234,069)</u>
648,869	-	648,869
195,389	-	195,389
214,790	-	214,790
75,362	95,263	170,625
222,596	125,859	348,455
<u>629,066</u>	<u>(629,066)</u>	<u>-</u>
<u>1,986,072</u>	<u>(407,944)</u>	<u>1,578,128</u>
479,158	(135,099)	344,059
<u>693,033</u>	<u>2,163,079</u>	<u>2,856,112</u>
\$ <u>1,172,191</u>	\$ <u>2,027,980</u>	\$ <u>3,200,171</u>
\$ -	\$ 104,603	\$ 104,603
37,823	419,990	457,813
<u>1,134,368</u>	<u>1,503,387</u>	<u>2,637,755</u>
\$ <u>1,172,191</u>	\$ <u>2,027,980</u>	\$ <u>3,200,171</u>

CITY OF BLOOMFIELD, IOWA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

	General	Special Revenue Employee Benefits	Capital Projects 2005 Street Project	Other Non-Major Governmental Funds	Total
<u>RECEIPTS:</u>					
Property tax	\$ 369,901	\$ 278,968	\$ -	\$ -	\$ 648,869
Tax increment financing	-	-	-	195,389	195,389
Other City tax	35,235	-	-	179,555	214,790
Licenses and permits	34,314	-	-	-	34,314
Use of money and property	26,503	-	-	48,859	75,362
Intergovernmental	127,761	-	-	216,780	344,541
Charges for service	248,742	-	-	-	248,742
Miscellaneous	161,020	-	-	27,262	188,282
Total receipts	<u>1,003,476</u>	<u>278,968</u>	<u>-</u>	<u>667,845</u>	<u>1,950,289</u>
<u>DISBURSEMENTS:</u>					
Operating:					
Public safety	438,281	128,191	-	-	566,472
Public works	688,346	50,042	-	186,120	924,508
Culture and recreation	229,368	30,425	-	2,745	262,538
Community and economic development	158,990	6,529	-	41,379	206,898
General government	99,592	12,469	-	-	112,061
Capital projects	-	-	13,970	13,750	27,720
Total disbursements	<u>1,614,577</u>	<u>227,656</u>	<u>13,970</u>	<u>243,994</u>	<u>2,100,197</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(611,101)</u>	<u>51,312</u>	<u>(13,970)</u>	<u>423,851</u>	<u>(149,908)</u>
Other financing sources (uses):					
Transfers in	695,501	-	443,869	23,539	1,162,909
Transfers out	(18,539)	(156,000)	-	(359,304)	(533,843)
Total other financing sources (uses)	<u>676,962</u>	<u>(156,000)</u>	<u>443,869</u>	<u>(335,765)</u>	<u>629,066</u>
Net change in cash balances	65,861	(104,688)	429,899	88,086	479,158
<u>CASH BALANCES</u> - Beginning of year	<u>642,474</u>	<u>223,824</u>	<u>(429,899)</u>	<u>256,634</u>	<u>693,033</u>
<u>CASH BALANCES</u> - End of year	<u>\$ 708,335</u>	<u>\$ 119,136</u>	<u>\$ -</u>	<u>\$ 344,720</u>	<u>\$ 1,172,191</u>
<u>Cash Basis Fund Balances</u>					
Reserved:					
Library building	\$ -	\$ -	\$ -	\$ 37,823	\$ 37,823
Unreserved:					
General fund	708,335	-	-	-	708,335
Special revenue funds	-	119,136	-	236,333	355,469
Capital projects funds	-	-	-	(32,471)	(32,471)
Permanent funds	-	-	-	103,035	103,035
Total cash basis fund balances	<u>\$ 708,335</u>	<u>\$ 119,136</u>	<u>\$ -</u>	<u>\$ 344,720</u>	<u>\$ 1,172,191</u>

## CITY OF BLOOMFIELD, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

	<u>Enterprise Funds</u>				
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
<u>Operating receipts:</u>					
Charges for service	\$ <u>654,747</u>	\$ <u>314,921</u>	\$ <u>2,108,605</u>	\$ <u>1,625,215</u>	\$ <u>4,703,488</u>
<u>Operating disbursements:</u>					
Business type activities	<u>1,401,900</u>	<u>281,661</u>	<u>1,803,647</u>	<u>1,129,364</u>	<u>4,616,572</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>(747,153)</u>	<u>33,260</u>	<u>304,958</u>	<u>495,851</u>	<u>86,916</u>
<u>Non-operating receipts (disbursements):</u>					
Intergovernmental	339,071	-	-	-	339,071
Interest on investments	16,449	28,681	24,032	26,101	95,263
Miscellaneous	19,245	4,123	79,133	9,308	111,809
Debt service	<u>(153,143)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(153,143)</u>
Total non-operating receipts (disbursements)	<u>221,622</u>	<u>32,804</u>	<u>103,165</u>	<u>35,409</u>	<u>393,000</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(525,531)</u>	<u>66,064</u>	<u>408,123</u>	<u>531,260</u>	<u>479,916</u>
<u>Other financing sources (uses):</u>					
Sale of assets	-	-	14,051	-	14,051
Transfers in	-	6,354	352,950	-	359,304
Transfers out	-	-	<u>(784,370)</u>	<u>(204,000)</u>	<u>(988,370)</u>
Total other financing sources (uses)	<u>-</u>	<u>6,354</u>	<u>(417,369)</u>	<u>(204,000)</u>	<u>(615,015)</u>
Net change in cash balances	(525,531)	72,418	(9,246)	327,260	(135,099)
<u>CASH BALANCES - Beginning of year</u>	<u>734,976</u>	<u>262,591</u>	<u>836,177</u>	<u>329,335</u>	<u>2,163,079</u>
<u>CASH BALANCES - End of year</u>	\$ <u>209,445</u>	\$ <u>335,009</u>	\$ <u>826,931</u>	\$ <u>656,595</u>	\$ <u>2,027,980</u>
<u>Cash Basis Fund Balances</u>					
Reserved for:					
Debt service	\$ 104,603	\$ -	\$ -	\$ -	\$ 104,603
Reserve	169,238	-	-	-	169,238
Improvements	250,752	-	-	-	250,752
Unreserved	<u>(315,148)</u>	<u>335,009</u>	<u>826,931</u>	<u>656,595</u>	<u>1,503,387</u>
Total cash basis fund balances	\$ <u>209,445</u>	\$ <u>335,009</u>	\$ <u>826,931</u>	\$ <u>656,595</u>	\$ <u>2,027,980</u>

## CITY OF BLOOMFIELD, IOWA

STATEMENT OF CHANGES IN CASH BALANCES  
FIDUCIARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

	Private Purpose Expendable Trusts				
	Avenue of Flags	Drug Awareness Resistance Education	Library Memorial	South Cemetery	Total
<u>Additions:</u>					
Use of money and property:					
Interest on investments	\$ -	\$ 37	\$ 935	\$ 549	\$ 1,521
Miscellaneous:					
Donations	-	341	13,500	-	13,841
Total additions	-	378	14,435	549	15,362
<u>Deductions:</u>					
Culture and recreation:					
Commodities	-	2,295	9,481	-	11,776
Net change in cash balances	-	(1,917)	4,954	549	3,586
<u>CASH BALANCES - Beginning of year</u>	<u>47</u>	<u>1,426</u>	<u>47,872</u>	<u>10,159</u>	<u>59,504</u>
<u>CASH BALANCES - End of year</u>	<u>\$ 47</u>	<u>\$ (491)</u>	<u>\$ 52,826</u>	<u>\$ 10,708</u>	<u>\$ 63,090</u>
<u>Cash Basis Fund Balances</u>					
Reserved for special purpose	\$ 47	\$ (491)	\$ 52,826	\$ 10,708	\$ 63,090



## CITY OF BLOOMFIELD, IOWA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bloomfield, Iowa is a political subdivision of the State of Iowa located in Davis County. It was first incorporated in 1855 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, electric and gas utilities for its citizens.

#### **A**      Reporting Entity

For financial reporting purposes, the City of Bloomfield, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Bloomfield, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

#### Blended Component Unit

The Friends of the Bloomfield Library was established as a non-profit corporation in accordance with Chapter 504A of the Code of Iowa. The Friends of the Bloomfield Library is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Friends of the Bloomfield Library is legally separate from the City, its purpose is to benefit the City of Bloomfield, Iowa (the primary government) by soliciting contributions and managing those funds.

#### Joint Ventures

The City participates in the Mutchler Community Center Commission. The Commission was developed under a 28E agreement with Davis County for the construction, operation and maintenance of a community center.

#### Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Davis County Assessor's Conference Board, Davis County E-911 Joint Service Board and Davis County Emergency Management Commission. The City also participates in the Davis County Regional Service Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

#### **B**      Basis of Presentation

Government-wide Financial Statement – The Statement of Activities and Net Assets – Cash Basis reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B**      Basis of Presentation (Continued)

The Statement of Activities and Net Assets – Cash Basis presents the City's nonfiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets – Cash Basis demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue – The Employee Benefits Fund is used to account for property taxes assessed for employee benefits.

Capital Projects – The 2005 Street Project is a capital projects fund used to account for grant funds received for the construction and repair of numerous street projects.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Electric Fund accounts for the operation and maintenance of the City's electric distribution system.

The Gas Fund accounts for the operation and maintenance of the City's gas distribution system.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The City of Bloomfield, Iowa maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

The proprietary fund of the City applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the community and economic development, general government and business type activities functions.

NOTE 2: CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 3: NOTES PAYABLE AND LEASE PURCHASE AGREEMENT

Annual debt service requirements to maturity for revenue notes are as follows:

Year Ending June 30,	Revenue Notes	
	Principal	Interest
2008	\$ 120,000	\$ 32,738
2009	125,000	26,977
2010	130,000	20,853
2011	135,000	14,352
2012	<u>145,000</u>	<u>7,467</u>
Total	\$ <u>655,000</u>	\$ <u>102,387</u>

The resolutions providing for the issuance of the revenue notes include the following provisions.

- a. The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- b. Sufficient monthly transfers shall be made to a water revenue note sinking account within the Enterprise Funds for the purpose of making the note principal and interest payments when due
- c. An amount equal to 25% of the monthly transfer to the sinking account shall be made to a water reserve account until a specified amount is accumulated and maintained. The water reserve account is required to accumulate the lesser of ten percent of the stated principal amount of the notes, the maximum annual principal and interest coming due on the notes, or 125% of the average annual principal and interest coming due on the notes. At June 30, 2007 the allowable reserve fund amount is computed to be \$126,500.
- d. Additional monthly transfers of \$4,000 to a water improvements account shall be made until a minimum balance of \$400,000 is accumulated. This account is restricted for the purpose of paying for any deficiencies in the revenue note sinking account, then for capital improvements, renewals and replacements and extraordinary repairs

The City has established the sinking, reserve and improvements accounts required by the note resolution and has complied with the related provisions.

NOTE 4: PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$59,866, \$59,023 and \$58,098, respectively, equal to the required contributions for each year.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 5: COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, compensatory time and sick leave payments payable to employees at June 30, 2007, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 33,862
Compensatory time	19,382
Sick leave	<u>67,397</u>
Total	\$ <u>120,641</u>

Sick leave is payable when used or, after an employment period of at least ten (10) years, upon termination, retirement or death.

This liability has been computed based on rates of pay in effect at June 30, 2007.

NOTE 6: INDUSTRIAL DEVELOPMENT LOAN AND REBATE AGREEMENT

On May 11, 1992, the City entered into a loan agreement, under the provisions of Chapter 403 of the Code of Iowa, with Chevron Chemical Company totaling \$425,000 to provide funds for the purpose of defraying a portion of the costs of carrying out an urban renewal development project of the City. The loan principal plus interest thereon at the rate of 8.50% per annum were payable solely from tax increment financing property tax collections.

On June 19, 2000, the City and Chevron Chemical Company amended the original agreement whereby the City is no longer required to repay the \$425,000. The City agreed to rebate incremental taxes paid by the developer in exchange for infrastructure improvements constructed by the developer as set forth in the amendment, with the condition that the company maintains a specified level of full-time equivalent positions for the term of the agreement. The incremental taxes that otherwise would have been received by the City under Chapter 403.19 of the Code of Iowa from the developer are to be rebated for a period of nine years beginning May 1, 2001. During the current year, the City rebated taxes totaling \$41,379 to Chevron Chemical Company.

CITY OF BLOOMFIELD, IOWA  
NOTES TO FINANCIAL STATEMENTS

NOTE 7: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Employee Benefits	\$ 156,000
	Enterprise:	
	Electric	335,501
	Gas	204,000
Capital Project:	Enterprise:	
2005 Street Project	Electric	443,869
Special Revenue:		
Mainstreet	General	5,000
Fire Station	General	10,355
Childcare Facility	General	2,395
Local Housing Assistance Program	General	789
Local Housing Assistance Program	Enterprise:	
	Electric	5,000
Enterprise:	General	
Electric	Special Revenue:	
	Local Option Sales Tax	160,000
	Road Use Tax	45,000
	Other Tax Increment Financing	147,950
Sewer	Other Tax Increment Financing	<u>6,354</u>
		\$ <u>1,522,213</u>

NOTE 8: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9: DEFICIT BALANCES

The Capital Projects Fund, ABCM Corporation Economic Development had a deficit balance of \$43,721 at June 30, 2007. The deficit is the result of an economic development loan made to ABCM Corporation for construction of an assisted and independent living facility. This deficit will be eliminated through annual installments paid to the City by ABCM Corporation. In addition, Drug Awareness Resistance Education Fund had a deficit balance of \$491. This deficit will be eliminated with future program receipts.

NOTE 10: ECONOMIC DEVELOPMENT LOANS

On April 1, 2001, the City of Bloomfield, Iowa loaned \$300,000 to a local business to construct and equip an assisted and independent living facility to be located in the City. The loan bears interest at 7% and is to be repaid to the City in annual installments of \$42,713 including interest, from April 1, 2001 through April 1, 2011. The loan has a balance of \$144,679 at June 30, 2007.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 11: HEALTH INSURANCE

The City has a group insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. The City's group insurance is a partial self-funded health plan. Under the partial self-funded plan, the City will reimburse an eligible employee for half of the deductible as well as half of out-of-pocket expenses. The amount of the deductibles and out-of-pocket expenses for employees are as follows:

	<u>Deductible</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 500	\$ 1,000

  

	<u>Out-of-Pocket</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 500	\$ 1,000

The policy period is from January 1 to December 31. For the policy period the City has a maximum liability commitment of \$28,500. As of June 30, 2007 there is a remaining maximum liability commitment of \$1,308.

NOTE 12: CONSTRUCTION COMMITMENTS

During the year ended June 30, 2007, the City approved various construction contracts. Payments on the contracts will be made as the work on the projects is completed.

NOTE 13: RECLASSIFICATIONS

Certain amounts as of June 30, 2006 have been reclassified to conform with the June 30, 2007 presentation.

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF BLOOMFIELD, IOWA

BUDGETARY COMPARISON SCHEDULE  
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2007

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds not Required to be Budgeted
<u>RECEIPTS:</u>			
Property tax	\$ 648,869	\$ -	\$ -
Tax increment financing	195,389	-	-
Other City tax	214,790	-	-
License and permits	34,314	-	-
Use of money and property	75,362	95,263	1,956
Intergovernmental	344,541	339,071	-
Charges for service	248,742	4,703,488	-
Miscellaneous	<u>188,282</u>	<u>111,809</u>	<u>19,791</u>
Total receipts	<u>1,950,289</u>	<u>5,249,631</u>	<u>21,747</u>
<u>DISBURSEMENTS:</u>			
Public safety	566,472	-	-
Public works	924,508	-	-
Culture and recreation	262,538	-	2,745
Community and economic development	206,898	-	-
General government	112,061	-	-
Capital projects	27,720	-	-
Business type activities	<u>-</u>	<u>4,769,715</u>	<u>-</u>
Total disbursements	<u>2,100,197</u>	<u>4,769,715</u>	<u>2,745</u>
Excess (deficiency) of receipts over (under) disbursements	(149,908)	479,916	19,002
Other financing sources (uses), net	<u>629,066</u>	<u>(615,015)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	479,158	(135,099)	19,002
<u>BALANCES</u> - Beginning of year	<u>693,033</u>	<u>2,163,079</u>	<u>58,429</u>
<u>BALANCES</u> - End of year	\$ <u>1,172,191</u>	\$ <u>2,027,980</u>	\$ <u>77,431</u>

<u>Total</u>	<u>Budgeted Amounts Original/Final</u>	<u>Final to Total Variance</u>
\$ 648,869	\$ 681,780	\$ (32,911)
195,389	201,329	(5,940)
214,790	160,231	54,559
34,314	25,600	8,714
168,669	89,715	78,954
683,612	1,264,664	(581,052)
4,952,230	4,548,850	403,380
280,300	35,700	244,600
<u>7,178,173</u>	<u>7,007,869</u>	<u>170,304</u>
566,472	638,246	71,774
924,508	1,223,505	298,997
259,793	303,090	43,297
206,898	183,525	(23,373)
112,061	111,695	(366)
27,720	640,000	612,280
<u>4,769,715</u>	<u>4,414,015</u>	<u>(355,700)</u>
<u>6,867,167</u>	<u>7,514,076</u>	<u>646,909</u>
311,006	(506,207)	817,213
<u>14,051</u>	<u>-</u>	<u>14,051</u>
325,057	(506,207)	831,264
<u>2,797,683</u>	<u>2,322,636</u>	<u>475,047</u>
\$ <u>3,122,740</u>	\$ <u>1,816,429</u>	\$ <u>1,306,311</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

JUNE 30, 2007

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Funds and the Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund.

During the year ended June 30, 2007, disbursements exceeded the amount budgeted in the community and economic development, general government and business type activities functions.

## OTHER SUPPLEMENTARY INFORMATION

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue					
	Road Use Tax	Local Option Sales Tax	Chevron Tax Increment Financing	Other Tax Increment Financing	Friends of the Bloomfield Library	Local Housing Assistance Program
<b>RECEIPTS:</b>						
Tax increment financing	\$ -	\$ -	\$ 41,379	\$ 154,010	\$ -	\$ -
Other City tax	-	179,555	-	-	-	-
Use of money and property	-	-	-	-	1,956	-
Intergovernmental	216,780	-	-	-	-	-
Miscellaneous	-	-	-	-	19,791	-
Total receipts	<u>216,780</u>	<u>179,555</u>	<u>41,379</u>	<u>154,010</u>	<u>21,747</u>	<u>-</u>
<b>DISBURSEMENTS:</b>						
Operating:						
Public works	186,120	-	-	-	-	-
Culture and recreation	-	-	-	-	2,745	-
Community and economic development	-	-	41,379	-	-	-
Capital projects	-	-	-	-	-	5,000
Total disbursements	<u>186,120</u>	<u>-</u>	<u>41,379</u>	<u>-</u>	<u>2,745</u>	<u>5,000</u>
Excess (deficiency) of receipts over (under) disbursements	<u>30,660</u>	<u>179,555</u>	<u>-</u>	<u>154,010</u>	<u>19,002</u>	<u>(5,000)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	5,789
Transfers out	(45,000)	(160,000)	-	(154,304)	-	-
Total other financing sources (uses)	<u>(45,000)</u>	<u>(160,000)</u>	<u>-</u>	<u>(154,304)</u>	<u>-</u>	<u>5,789</u>
Net change in cash balances	(14,340)	19,555	-	(294)	19,002	789
<b>CASH BALANCES - Beginning of year</b>	<u>122,852</u>	<u>49,826</u>	<u>-</u>	<u>15,591</u>	<u>58,429</u>	<u>2,746</u>
<b>CASH BALANCES - End of year</b>	\$ <u>108,512</u>	\$ <u>69,381</u>	\$ <u>-</u>	\$ <u>15,297</u>	\$ <u>77,431</u>	\$ <u>3,535</u>
<b>Cash Basis Fund Balances</b>						
Reserved:						
Library building	\$ -	\$ -	\$ -	\$ -	\$ 37,823	\$ -
Unreserved:						
Special revenue funds	108,512	69,381	-	15,297	39,608	3,535
Capital project funds	-	-	-	-	-	-
Permanent funds	-	-	-	-	-	-
	<u>\$ 108,512</u>	<u>\$ 69,381</u>	<u>\$ -</u>	<u>\$ 15,297</u>	<u>\$ 77,431</u>	<u>\$ 3,535</u>

SCHEDULE 1

Capital Projects				Permanent		Total
Childcare Facility	Mainstreet	ABCM Corporation Economic Development	Fire Station	IOOF Cemetery Perpetual Care	Library Bequest	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,389
-	-	-	-	-	-	179,555
-	-	42,713	-	4,190	-	48,859
-	-	-	-	-	-	216,780
-	5,000	-	-	2,471	-	27,262
-	5,000	42,713	-	6,661	-	667,845
-	-	-	-	-	-	186,120
-	-	-	-	-	-	2,745
-	-	-	-	-	-	41,379
-	8,750	-	-	-	-	13,750
-	8,750	-	-	-	-	243,994
-	(3,750)	42,713	-	6,661	-	423,851
2,395	5,000	-	10,355	-	-	23,539
-	-	-	-	-	-	(359,304)
2,395	5,000	-	10,355	-	-	(335,765)
2,395	1,250	42,713	10,355	6,661	-	88,086
(2,395)	10,000	(86,434)	(10,355)	91,134	5,240	256,634
\$ -	\$ 11,250	\$ (43,721)	\$ -	\$ 97,795	\$ 5,240	\$ 344,720
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,823
-	-	-	-	-	-	236,333
-	11,250	(43,721)	-	-	-	(32,471)
-	-	-	-	97,795	5,240	103,035
\$ -	\$ 11,250	\$ (43,721)	\$ -	\$ 97,795	\$ 5,240	\$ 344,720

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2007

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
Revenue notes:			
Water revenue refunding capital loan notes	May 1, 2001	4.25 - 5.15%	\$ <u>1,265,000</u>
Lease purchase agreement:			
Computer network equipment	June 30, 2004	7.55%	\$ <u>11,125</u>

SCHEDULE 2

<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Issued</u> <u>During</u> <u>Year</u>	<u>Redeemed/</u> <u>Cancelled</u> <u>During</u> <u>Year</u>	<u>Balance</u> <u>End</u> <u>of Year</u>	<u>Interest</u> <u>Paid</u>	<u>Interest</u> <u>Due and</u> <u>Unpaid</u>
\$ <u>770,000</u>	\$ <u>-</u>	\$ <u>115,000</u>	\$ <u>655,000</u>	\$ <u>38,143</u>	\$ <u>-</u>
\$ <u>3,991</u>	\$ <u>-</u>	\$ <u>3,991</u>	\$ <u>-</u>	\$ <u>165</u>	\$ <u>-</u>



CITY OF BLOOMFIELD, IOWA

NOTE MATURITIES  
JUNE 30, 2007

<u>Year</u> <u>Ending</u> <u>June 30,</u>	<u>Revenue Notes</u>	
	<u>Water</u>	
	<u>Issued May 1, 2001</u>	
	<u>Interest</u> <u>Rates</u>	<u>Amount</u>
2008	4.80 %	\$ 120,000
2009	4.90	125,000
2010	5.00	130,000
2011	5.10	135,000
2012	5.15	<u>145,000</u>
Total		\$ <u>655,000</u>

## CITY OF BLOOMFIELD, IOWA

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION  
ALL GOVERNMENTAL FUNDS

FOR THE LAST SIX YEARS

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>RECEIPTS:</u>						
Property tax	\$ 648,869	\$ 677,166	\$ 700,028	\$ 687,854	\$ 601,513	\$ 576,651
Tax increment financing	195,389	48,809	72,923	128,446	123,729	104,117
Other City tax	214,790	207,427	202,659	120,634	17,100	15,528
Licenses and permits	34,314	37,308	5,715	4,677	5,935	4,921
Use of money and property	75,362	63,639	54,844	55,716	56,231	65,499
Intergovernmental	344,541	453,287	847,035	465,412	435,292	320,761
Charges for service	248,742	261,650	266,904	240,094	240,822	234,057
Miscellaneous	188,282	63,940	50,232	79,656	193,619	110,869
Total	\$ <u>1,950,289</u>	\$ <u>1,813,226</u>	\$ <u>2,200,340</u>	\$ <u>1,782,489</u>	\$ <u>1,674,241</u>	\$ <u>1,432,403</u>
<u>DISBURSEMENTS:</u>						
Operating:						
Public safety	\$ 566,472	\$ 571,870	\$ 535,694	\$ 545,478	\$ 565,348	\$ 531,660
Public works	924,508	477,861	520,585	737,083	467,857	514,263
Culture and recreation	262,538	307,765	262,042	268,797	327,575	270,927
Community and economic development	206,898	95,360	471,511	176,650	394,594	111,106
General government	112,061	104,437	104,241	117,787	115,138	124,218
Debt service	-	-	-	258,414	55,846	58,712
Capital projects	27,720	2,356,824	819,655	-	-	182,799
Total	\$ <u>2,100,197</u>	\$ <u>3,914,117</u>	\$ <u>2,713,728</u>	\$ <u>2,104,209</u>	\$ <u>1,926,358</u>	\$ <u>1,793,685</u>

## CITY OF BLOOMFIELD, IOWA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2007

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Federal Aviation Administration: Airport Improvement Program	20 106	3-19-008-02-2006	\$ 394,028
Indirect:			
U S. Department of Housing and Urban Development: Iowa Department of Economic Development: Community Development Block Grants/States Program	14.228	05-WS-008	338,287
U S. Department of Public Safety: Discretionary Innovative Grant	20 604	07-157	
			<u>1,861</u>
			\$ <u>734,176</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Bloomfield, Iowa and is presented on the cash basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and  
Members of the City Council

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Bloomfield, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated March 25, 2008. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Bloomfield, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Bloomfield, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Bloomfield, Iowa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Bloomfield, Iowa's financial statements that is more than inconsequential will not be prevented or detected by the City of Bloomfield, Iowa's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Bloomfield, Iowa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item II-A-07 is a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bloomfield, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Bloomfield, Iowa and other parties to whom the City of Bloomfield, Iowa may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bloomfield, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO P.C.

Ottumwa, Iowa  
March 25, 2008

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

To the Honorable Mayor and  
Members of the City Council

Compliance

We have audited the compliance of the City of Bloomfield, Iowa with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2007. The City of Bloomfield, Iowa's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of the City of Bloomfield, Iowa's management. Our responsibility is to express an opinion on the City of Bloomfield, Iowa's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bloomfield, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Bloomfield, Iowa's compliance with those requirements.

In our opinion, the City of Bloomfield, Iowa complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control over Compliance

The management of the City of Bloomfield, Iowa is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Bloomfield, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control over compliance.

A control deficiency in the City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than a remote likelihood material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of Bloomfield, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Bloomfield, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Bloomfield, Iowa and other parties to whom the City of Bloomfield, Iowa may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
March 25, 2008

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007

Part I: Summary of the Independent Auditor's Results

- a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) No material weaknesses in internal control over major programs were noted.
- e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g) The major programs were:

CFDA Number

20.106	Airport Improvement Program
14.228	Community Development Block Grant/States Program

- h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i) The City of Bloomfield, Iowa did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Significant Deficiencies:

- II-A-07 Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash is received and recorded by the same person.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

Instances of Noncompliance:

No matters were reported.



CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007

Part III: Findings and Questioned Costs for Federal Awards

Significant Deficiencies:

No matters were reported.

Instances of Noncompliance:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-07 Certified Budget – Disbursements during the year ended June 30, 2007 exceeded the amounts budgeted in the community and economic development, general government and business type activities functions Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under annual or continuing appropriation.

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements are allowed to exceed the budget

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

IV-B-07 Questionable Disbursements – No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-07 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-07 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
David Thordarson, Council Member Karr Street Automotive, Owner	Maintenance of City Vehicles	\$ 152
Craig Scott, Council Member	Maintenance at Bloomfield Fire Department	\$ 1,200

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with Karr Street Automotive and Craig Scott do not appear to represent conflicts of interest since the total paid was not over \$1,500.

IV-E-07 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

IV-F-07 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2007

Part IV: Other Findings Related to Required Statutory Reporting (Continued)

- IV-G-07 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investments policy were noted.
- IV-H-07 Financial Condition – The following funds had deficit balances at June 30, 2006: ABCM Corporation Economic Development and Drug Awareness Resistance Education.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return the accounts to a sound financial position.

Response – We will review our budgeting and financial management procedures. The deficit in the ABCM Corporation Economic Development Fund will be eliminated through annual installments paid to the City by ABCM Corporation, and the remaining deficits will be eliminated with future receipts.

Conclusion – Response acknowledged.